



Office of Public Instruction
Linda McCulloch, Superintendent
PO Box 202501
Helena, MT 59620-2501

FY 2005-06 General Fund Budget Overview

Post-Legislative Version - Including changes per HB 624 and HB 63

Like an electronic version? This document, and an Excel spreadsheet for calculating general fund limits, are posted on the OPI website at <http://www.opi.mt.gov/> under <School Finance>.

This is an overview of general fund budgeting requirements for Montana school districts. It contains a narrative summary of laws and procedures for setting general fund budget limits and funding for the school year 2005-06.

<u>TIMELINE</u>	2
Timeline from March 1 through September 15, listing important deadlines related to financial reporting, elections, etc.	

OVERVIEW OF GENERAL FUND BUDGETING LAWS

Average Number Belonging (ANB).....	4
Separate Budget Units	4
Per-ANB Entitlement and Basic Entitlement	5
State Funding For Special Education Costs	5
Establishing the Base & Maximum General Fund Budgets	6
Funding the General Fund Budget	7
Guaranteed Tax Base Aid (GTB)	8
Operating Reserves and "Excess" Reserves	8
Budget Authority and Voter Approval	9
Distribution of Direct State Aid and GTB Payments	11
Budget Amendments	11
K-12 Districts	11
Status and ANB Changes	11

<u>FY 2005-06 BUDGET LIMITS</u> - Budget Limit Tables.....	12
---	----

Budgeting Non-Levy Revenues for the General Fund	18
--	----

If you need further assistance, contact the OPI school budgeting staff: Bonnie Maze 444-3249, Tal Redpath 444-3024, or Nancy Hall 444-9852.

TIMELINE

This list is not all-inclusive. For a more detailed calendar, see the School Accounting Manual.

March 1, 2005	Preliminary Budget Data Sheets sent from OPI to districts and County Superintendents (MCA 20-9-369)
April 25, 2005	Districts that intend to consolidate/annex effective July 1, 2005 must notify OPI.
May 1, 2005	FY 2005-06 revenue estimates for coal gross proceeds sent to districts and to County Superintendents from the Department of Revenue (MCA 20-9-141(4)).
May 3, 2005	Election Day. Trustee election and general fund budget election, if needed, must be held. In 2005 only, a school district may limit the regular school election to trustee elections only and may reschedule a single general fund operating levy election at any time prior to the adoption of a final budget pursuant to 20-9-131, MCA (HB63). Other school elections may be set at times determined by the trustees (MCA 20-20-105). (See MASBO Election Calendar)
By May 31, 2005	FY 2004-05 School facility reimbursement payment to eligible districts sent to County Treasurers for deposit in district's debt service fund (MCA 20-9-346(2)(c)).
June 24, 2005	Final FY 2004-05 direct state aid and state special education payment to schools and cooperatives (MCA 20-9-344).
June 30, 2005	Fiscal year-end 2004-05.
July 10, 2005	County Treasurer reports final cash balances and bond information for the school year ended June 30 to each district. (MCA 20-9-115)
Between July 1 & August 4, 2005	Clerk publishes notice of final budget hearing (MCA 20-9-115).
By August 1, 2005	County Assessors deliver taxable valuation information to County Clerk (1st Monday in August) (MCA 20-9-122)
By the date the final budget is adopted	Last day to hold an election for approval to establish a Building Reserve Fund (61), Technology Levy (28), or Flexibility Fund Levy (29). In 2005 only, last day to hold a general fund levy election for FY2005-06 budget. (OPI RECOMMENDS ALL ELECTIONS BE HELD NO LATER THAN AUGUST 1 TO ALLOW ADEQUATE TIME FOR CANVASSING VOTES, ETC.)
On or before August 15, 2005	Final budget adopted by trustees (MCA 20-9-131).

TIMELINE (continued)

- By August 15, 2005 Trustees submit FY 2004-05 Trustees' Financial Summary (TFS) to the County Superintendent (MCA 20-9-213 (6)). (Joint district reports due to County Superintendents by September 1)
- By August 20, 2005 Trustees submit the final adopted budget to the County Superintendent within 5 days of adoption.
- August 22, 2005 Levy requirements reported to county commissioners by County Superintendent (MCA 20-9-141) (4th Monday in August)
- Levies fixed by county commissioners
- September 1, 2005 Joint districts' trustees submit FY 2004-05 Trustees' Financial Summary (TFS) to the County Superintendent. (MCA 20-9-213)
- September 12, 2005 *FY 2005-06 Final Budget and FY 2004-05 Trustees' Financial Summary (TFS) due to OPI from County Superintendent. (2nd Monday in September) (MCA 20-3-209, 20-9-134)

***NOTE:** MAEFAIRS System electronically accepts Trustees' Financial Summary and Final Budget on the same date.

OVERVIEW OF GENERAL FUND BUDGETING LAWS

This is a summary of the major budget laws for the general fund.

AVERAGE NUMBER BELONGING

Average Number Belonging (ANB) for each district is derived from the October enrollment count reported to OPI on the Fall Enrollment Report and the February 1 enrollment count reported to OPI on the Spring Enrollment Report. Pre-kindergarten students are excluded from the ANB calculation and kindergarten students are included as one-half. Part-time students are counted as one-half for ANB. Students who turn 19 years old on or by September 10 of the school year are not counted for ANB.

Enrollment is aggregated for all schools of a district for purposes of determining ANB. However, the law provides for grouping ANB into separate "budget units" for funding purposes when schools within a district are at least 20 miles apart or when conditions exist that would create an unusual hardship for transporting students to another school.

House Bill 63, passed by the 2005 Legislature, allows a school district to use current year ANB or 3-year average ANB for each budget unit by level (elementary or high school), whichever generates the greatest Maximum general fund budget. "**Current year ANB**" means the ANB for the budget unit for the ensuing school fiscal year. "**3-year average ANB**" means an average ANB over the most recent 3-year period, calculated by adding the current year ANB to the ANB for each of the previous two school fiscal years, dividing the sum by 3, and rounding up to the next whole number.

SEPARATE BUDGET UNITS

Enrollment is generally aggregated, or combined, for all schools of a district. The unit of aggregated enrollment used to determine ANB funding is called a "budget unit." When a school is 20 miles or more from another school of the same district and more than 20 miles beyond the incorporated limits of a city located in the district, the school is funded as a separate budget unit. Separate budget units are established only with the approval of the Office of Public Instruction.

Districts with a school 20 or more miles from another school within the district budget an additional "basic entitlement" (discussed below).

CONSOLIDATION "BONUS": Districts that consolidate or annex are entitled to maintain funding for separate budget units for each district for up to three years. After three years, districts retain a percentage of the basic entitlement for an additional three years as follows: 75% of the basic entitlement in the fourth year, 50% of the basic entitlement in the fifth year, and 25% of the basic entitlement in the sixth year. (MCA 20-9-311(8)(a)(iv))

The provisions in law for separate budget unit status should not be confused with "isolated" elementary schools having fewer than 10 ANB. Once approved, isolation status applies for a three-year period if ANB remains under 10.

PER-ANB ENTITLEMENT AND BASIC ENTITLEMENT

The basic and per-ANB entitlements, along with the district's special education funding, define the BASE and Maximum general fund budget limits.

The **per-ANB entitlement** varies based on the total number of ANB in the district. The **basic entitlement** is a fixed amount of \$20,275 for an elementary district and \$225,273 for a high school district. When an elementary district has an approved 7th-8th grade program, the district adjusts its basic and per-ANB entitlements to reflect the portion of its entitlement calculated at the high school funding rates.

"Total per-ANB entitlement" means the district entitlement resulting from the following calculations using current year ANB or the 3-year average ANB for all budget units, whichever generates the greatest maximum general fund budget.

An elementary district or the elementary program of a K-12 district **without an accredited 7th-8th grade program** has a **basic entitlement** of \$20,275 plus a **per-ANB entitlement** of \$4,366 decreased at a rate of \$0.20 per-ANB for each additional elementary ANB up to 1,000 ANB. For each ANB over 1,000, the district per-ANB entitlement is \$4,166.20.

For an elementary district or the elementary program of a K-12 district **with an accredited 7th-8th grade program**, the **basic entitlement** is \$20,275 times the ratio of the K-6 ANB to the total K-8 ANB plus \$225,273 times the ratio of the 7th-8th ANB to the total K-8 ANB. The **per-ANB entitlement** is \$4,366 for each K-6 ANB decreased at a rate of \$0.20 per-ANB for each additional K-6 ANB up to 1,000 ANB. For each K-6 ANB over 1000, the district per-ANB entitlement is \$4,166.20. For 7th-8th grade ANB, the district per-ANB entitlement is \$5,584 per-ANB decreased at a rate of \$0.50 per-ANB for each additional 7th-8th grade ANB up to 800. For each 7th-8th grade ANB over 800, the district per-ANB entitlement is \$5,184.50.

A high school district or the high school program of a K-12 district receives a **basic entitlement** of \$225,273. Its **per-ANB entitlement** is \$5,584 decreased at a rate of \$.50 per-ANB for each additional high school ANB up to 800 ANB. For each ANB over 800, the district per-ANB entitlement is \$5,184.50.

STATE FUNDING FOR SPECIAL EDUCATION COSTS

The state's special education funding is allocated in:

- two block grants for districts, based on ANB
- reimbursement for disproportionate costs to districts, and
- an additional administrative/travel costs payment to cooperatives.

Block grants are based on the **current year ANB** of a district. ANB generally includes children served in regular and special education programs.

Each district which: a) operates a special education program (i.e., has a resident student reported on the most recent special education child count); b) belongs to a special education cooperative; or c) has a signed written agreement with another public entity to provide instructional services to children with disabilities is eligible to receive block grants per ANB. [If one or more of the above are true, a "Yes" appears on Line 5 of the Budget Data Sheet indicating eligibility status.]

The **Instructional Block Grant (IBG)** per **current year ANB** is sent to each qualified district. The district must "match" the block grants by spending \$1 of local money for every \$3 received in the Instructional Block Grant. The matching funds and the block grant are spent for allowable special education costs in accordance with section 20-7-431, MCA.

Each qualified district will also be allocated a **Special Education Related Services Block Grant (RSBG)** amount per **current year ANB**. If the district is a member of a special education cooperative, the district's Related Services Block Grant will be sent directly to the cooperative from OPI. The district must "match" the block grant by providing \$1 of local revenue for every \$3 received from the state Related Services Block Grant.

The match is required whether the district or its cooperative receives the related services block grant directly. If the district is a member of a cooperative, the district transfers the match for the Related Services Block Grant to the cooperative and records the transfer as an expense in the district's general fund. Again, the matching funds must be spent only for allowable special education costs in accordance with 20-7-431, MCA.

If certain conditions are met, a district will be eligible to receive reimbursement dollars as part of their state payment. In the event that a district's prior year expenditures exceed that district's required spending by a threshold percentage (new percentage each year), the district will be eligible for **reimbursement of 40% of these disproportionate costs**. The required spending level is based upon state special education payments received plus a percentage of local contribution.

In addition to receiving the Related Services Block Grant for its participating members, **cooperatives will be allocated payments for administrative and travel costs**. These payments will be based on weighted statewide and individual cooperative travel and administrative factors. The cooperative will receive the weighted payment directly and no district or cooperative match is required. The allocation is spent by the cooperative for allowable special education costs in accordance with 20-7-431, MCA.

The district's special education allowable cost payments for the Special Education block grants and reimbursements are deposited in the general fund.

ESTABLISHING THE BASE & MAXIMUM GENERAL FUND BUDGETS

State law establishes a minimum (BASE) and maximum general fund budget range for each school district based upon the district's basic and per-ANB entitlements and its special education allowable cost payment.

The BASE budget of a district is the sum of 80% of the district's basic entitlement, 80% of the district's per-ANB entitlement, 140% of the district's special education allowable cost payments, and 40% of the related services block grant received directly by the cooperative.

The maximum general fund budget of a district is the sum of 100% of the district's basic entitlement, 100% of the district's per-ANB entitlement, between 175% and 200% of the district's special education allowable cost payments, and between 75% and 100% of the related services block grant received directly by the cooperative.

Several legal restrictions govern the final budget adopted, depending on where the prior year budget was in comparison to the BASE and Maximum amounts for the ensuing year, and whether any of the adopted budgets from FY2001 through FY2005 were "disequalized" (i.e., adopted budget exceeded that year's maximum). See "FY2005-06 General Fund Budget and Voting Limits - HB 624 and HB 63" on pages 12 and 13 for more information.

FUNDING THE GENERAL FUND BUDGET

A district may fund its general fund budget from the following sources:

- a) Direct state aid equal to 44.7% of the district's basic and per-ANB entitlements;
- b) Special education allowable cost payments from the state (amounts directly paid to district);
- c) Non-levy revenue and fund balance reappropriated;
- d) Non-voted local levies subsidized with GTB aid to fund up to 35.3% of its basic and per-ANB entitlement and 40% of its special education allowable cost payment, including the related services block grant paid directly to cooperatives; and
- e) Voted and non-voted local levies with no GTB aid for that portion of the general fund budget above 80% of the basic and per-ANB entitlements and 140% of special education allowable cost payments, and 40% of the related services block grant payment to the cooperative.

In general, non-levy revenue sources must be **budgeted using actual prior year receipts**. These sources include investment earnings, most taxes and fees, and miscellaneous revenues. [See page 14 for more information on Non-Levy Revenues.]

In FY 2001-02, several non-levy revenues were replaced by a School Block Grant (HB124). The block grant replaces the following revenue sources: Motor Vehicle Fees, corporation license taxes, SB184 property tax reimbursements, State PILT, and state aeronautics fees.

The School Block Grant must be budgeted in the general and transportation funds. For FY 2005-06, the general fund block grant amounts paid in FY 2004-05 will be increased by 0.76%.

The transportation block grant will equal the block grant amount received in FY2004-05 increased by 0.76%.

Beginning in FY2003-04, a combined fund block grant was created. For FY2005-06, the combined block grant paid in FY 2004-05 will be increased by 0.76%. The combined block grant may be deposited into any budgeted fund of the district.

Non-levy revenue sources that may be **estimated** include oil and gas production taxes, tuition, and HB20/SB417 property tax reimbursements. Tuition revenue can be used to fund the Over-BASE budget.

Coal Gross Proceeds Taxes may be anticipated using estimates provided by the state Department of Revenue. The Department of Revenue will make those estimates available to districts in May for purposes of budgeting for the next year.

GUARANTEED TAX BASE AID (GTB)

Each school district receives direct state aid for the first 44.7% of its basic and per-ANB entitlements. The district may also receive a special education allowable cost payment to fund a portion of the district's special education program. The next 35.3% of the basic and per-ANB entitlements plus up to 40% of the special education allowable cost payment, including the related services block grant received directly by a cooperative, is the **GTB budget area**. The GTB budget area is funded by fund balance reappropriated from the prior year, non-levy revenues (i.e., School Block Grant, Oil and Gas Production Taxes, Coal Gross Proceeds, property tax reimbursements, investment earnings, etc.), district property taxes, and state guaranteed tax base aid.

A district is eligible for guaranteed tax base aid if its GTB ratio is less than the statewide elementary or high school GTB ratio. Twice a year, in November and May, the GTB subsidy is paid by the state for each mill levied to support the BASE budget.

If a district is eligible for GTB aid, then **for every mill levied to fund the GTB budget area**, the district will receive a subsidy from the state in the amount calculated above. A district first funds its budget with fund balance available for reappropriation and non-levy revenues before it levies property taxes to fund the GTB budget area.

The preliminary calculation of the weighted GTB subsidy per BASE mill is reported to districts in March. Any adjustments of GTB are reflected in the final subsidies shown on the final budget forms.

OPERATING RESERVES AND "EXCESS" RESERVES

At the end of the school fiscal year, a district may reserve a portion of its fund balance as an **operating reserve** for the following school year. The amount reserved may not exceed 10% of the final general fund budget for the following school year, or \$10,000, whichever is greater.

Fund balance must be used to fund the next year's BASE budget unless it is reserved or prior year excess funding the over BASE. A district which is GTB eligible will experience a lower BASE mill levy and a lower GTB payment when dollars are reappropriated to fund the BASE budget.

A district may exceed the 10% reserve limit when the source of the **excess reserves** is the unexpended balance of any amount received for a prior year from a protested tax settlement, tax audit, or delinquent taxes. (Retain documentation supporting the excess reserves for audit purposes.)

Excess reserves may be used to fund budget amendments for deferred projects, may be used in a subsequent year's budget to fund the over BASE portion of the budget, or may be retained for any number of years, as long as they remain unspent and the operating reserve is full.

Interest earned on excess reserves is not an allowable addition to excess reserves.

BUDGET AUTHORITY AND VOTER APPROVAL

Voting requirements for the general fund depend on whether the district is equalized or disequalized. If voter approval is required, the proposition must comply with 20-9-353, MCA.

SUGGESTED PROPOSITION FOR EQUALIZED DISTRICTS:

"Equalized" districts budgeting between the BASE and Maximum must obtain voter approval for an increase in the number of dollars budgeted for the increase in Over-BASE tax levy from the prior year. Section 15-10-425, MCA, requires the ballot proposing to **increase the Over-BASE levy amount** to INCLUDE THE FOLLOWING INFORMATION:

PROPOSITION

Shall the district be authorized to impose an increase in local taxes to support the general fund in the amount of \$ (state number of dollars) which is approximately (state number of mills) mills for the purpose of (state purpose)? Passage of this proposal will increase the taxes on a home with a market value of \$100,000 by approximately \$ (state number of dollars) and on a home with a market value of \$200,000 by approximately \$ (state number of dollars).

- ☐ FOR the additional levy.
- ☐ AGAINST the additional levy.

NOTE: The ballot above presents one option. It contains all information required to be included per MCA 15-10-425. As long as key information is contained in the ballot, trustees are allowed to use their discretion in formulating ballot language for equalized general fund elections.

The proposition lists an approximate number of mills, since taxable valuation and other information necessary to determine an exact number of mills is not available at the time of the election. Actual mills will commonly differ from this estimate.

REQUIRED PROPOSITION FOR DISEQUALIZED DISTRICTS:

"Disequalized" districts budgeting above the Maximum must obtain voter approval for the increase in Over-BASE tax dollars needed to fund the budget amount over the Maximum. Non-levy revenue or excess reserves available to fund part of the Over-Maximum area do not need to be voted. Section 20-9-353(3), MCA, requires the ballot for approval of the increase in Over-BASE tax dollars from the prior year needed to fund the budget amount over the Maximum to be in the following format:

PROPOSITION

Shall the district be authorized to expend the sum of (state the additional amount to be expended) and being approximately (give number) mills for the purpose of (insert the purpose for which additional financing is made)?

- ☐ FOR budget authority and any levy.
- ☐ AGAINST budget authority and any levy.

NOTE: The ballot language above presents exact wording of the REQUIRED ballot language. No deviation is allowed by law.

The proposition lists an *approximate* number of mills, since taxable valuation and other information necessary to determine an exact number of mills is not available at the time of the election. Actual mills will commonly differ from this estimate.

How do you determine how much to ask voters to approve?

The **DOLLAR AMOUNT** to vote is any positive difference between the proposed budget and the "Highest Budget Without a Vote." (See charts on pages 12 and 13.) For an equalized district, the dollar amount is the increase in Over-BASE tax dollars needed to fund the between BASE and Maximum budget. For a disequalized district, the dollar amount is the increase in Over-BASE tax dollars needed to fund the budget over the Maximum.

The **NUMBER OF MILLS** to put on the ballot is:

-- For an equalized district, the additional number of Over-BASE mills that will result if the proposition passes. Calculate the mill increase by dividing the proposed dollar increase in Over-BASE levies by the estimated district mill value. District mill value is the taxable valuation times 0.001.

-- For a disequalized district, the term "Over-BASE mills" includes mills levied to support the over-Maximum area of the budget. For over-Maximum budgets, increases in Over-BASE tax dollars needed to fund the budget amount over Maximum must be approved on the ballot. Generally, the number of mills to put on the ballot will be the dollar amount to be voted divided by the estimated district mill value. Non-levy revenue or excess reserves available to fund part of the over-Maximum budget area do not need to be voted. District mill value is the taxable valuation times 0.001.

NOTE: DO NOT put the entire proposed budget amount on the ballot. Only a portion of the budget requires voter approval. Asking voter approval for the entire budget amount can cause potential legal questions about the meaning of the voter's approval or disapproval.

How do you determine "mill value?"

"Mill value" is the total taxable valuation of the district times 0.001.

For example: Taxable Valuation = \$1, 234,267
Mill Value = \$1,234,267 X 0.001 = \$1,234.267 per mill

Actual taxable valuation is reported to districts in August and is therefore not available at the time the ballot must be prepared for the May election. For purposes of voting requirements in January through May, districts may estimate mill value using one of the following options: 1) Taxable valuation from the previous year's final budget cover page; or 2) Taxable valuation reported on the "Preliminary Budget Data Sheet" mailed to the district from the Office of Public Instruction (That valuation is more current, since it is the "final" prior year value updated by Department of Revenue in the prior December); or 3) An estimate based on information gathered through discussions with the local assessor.

For calculating final budget mills in August, the district and County Superintendent must use the taxable valuation delivered to the school district by the Assessment Division of the Department of Revenue in July or a subsequent official revision of that report.

DISTRIBUTION OF DIRECT STATE AID AND GTB PAYMENTS

Each district receives 10% of its direct state aid payment each month during August through October, December through April, and the remainder in June. In November and May, eligible districts receive one-half of their annual guaranteed tax base aid. Direct state aid is not paid in November or May. OPI posts a monthly payment advice for each district clerk, county superintendent and county treasurer on the OPI website under "Entitlement Payments".

BUDGET AMENDMENTS

The trustees may pass a resolution to amend the budget for reasons provided in section 20-9-161, MCA. Before adopting a budget amendment *for an unusual enrollment increase*, the trustees must petition OPI and get approval to proceed. The school trustees, without the prior approval of OPI, may approve a budget amendment for any other legal reason. The October count (Fall Enrollment Report) or February count (Spring Enrollment Report) is used to calculate and support a budget amendment for an unanticipated enrollment increase. The state will pay additional direct state aid for a portion of a budget amendment adopted for an enrollment increase if the enrollment increase is greater than 6% of the enrollment used to calculate ANB.

The additional ANB approved under a budget amendment for an enrollment increase and the additional budget authority approved in the budget amendment ARE NOT USED in calculating the budget growth limits for the next school year.

K-12 DISTRICTS

The per-ANB entitlement for a K-12 district is calculated by applying the funding formulas to the number of K-8 ANB and 9-12 ANB, the same as is done for elementary and high school districts.

The BASE-budget levy is prorated based on the ratio of each subsidized BASE budget of the elementary and high school program to the total subsidized BASE budget (i.e., state/county direct aid payments and match for special education allowable and related cost payments). The proration will be used to determine GTB aid separately for elementary and high school.

Retirement obligations and retirement GTB are paid as high school level obligations.

STATUS AND ANB CHANGES (K-12, Annexation/Consolidation, Isolation Status, Opening/Closing Schools, Anticipated ANB Increases, etc.)

Districts planning to change status for the next year must notify OPI as soon as possible, and not later than April 25. Because lead-time is necessary to process and record changes for a district, notifying OPI after April 25 may result in lower Title 1 allocations and delays in other funding areas.

FY 2005-06 General Fund Budget and Voting Limits -- HB 624 & HB 63 (REVISED)

There are 4 categories of budget limitations. Determine the category to use by comparing the district's FY2004-05 adopted budget with the FY2005-06 maximum. Then determine whether the district adopted a "disequalized" (i.e., over-Maximum) budget for any year from FY01 through FY05.

CATEGORY	HIGHEST BUDGET WITHOUT A VOTE (permissive)	HIGHEST BUDGET	VOTING REQUIREMENT
1A. "Always Equalized" <i>[See Page 3]</i> If: FY05 Adopted Budget does not exceed FY06 Maximum AND District <u>did not</u> adopt a disequalized budget from FY01 - FY05	1B. FY06 BASE + FY05 Over-BASE Levy + Fund Balance Reappropriated available to fund the Over-BASE budget + FY05 Excess Reserves Used to Fund the FY06 Over-BASE budget + Estimated Tuition Revenue (Must adopt at least FY06 BASE budget and highest budget without a vote cannot exceed the FY06 Maximum.)	1C. FY06 Maximum	1D. Any increase in Over-BASE tax dollars needed to fund the budget <u>between</u> BASE and Maximum. --Equals the difference between the proposed budget (up to 1C) and the permissive budget (1B).
2A. "Equalized in FY06 AND Disequalized any time from FY01 – FY05" <i>[See Page 4]</i> If: FY05 Adopted Budget does not exceed FY06 Maximum AND District <u>did</u> adopt a disequalized budget from FY01 – FY05	2B(i). FY06 Max > Highest Adopted Budget in FY01-FY05: FY06 BASE + FY05 Over-BASE Levy + Fund Balance Reappropriated available to fund the Over-BASE budget + FY05 Excess Reserves Used to Fund the FY06 Over-BASE budget + Estimated Tuition Revenue (Must adopt at least FY06 BASE budget and highest budget without a vote cannot exceed the FY06 Maximum.) ----- 2B(ii). FY06 Max < Highest Adopted Budget in FY01-FY05: <u>Greater of:</u> FY06 BASE + FY05 Over-BASE Levy + Fund Balance Reappropriated available to fund the Over-BASE budget + FY05 Excess Reserves Used to Fund the FY06 Over-BASE budget + Estimated Tuition Revenue <u>OR</u> FY06 Maximum (Must adopt at least FY06 BASE budget and highest budget without a vote cannot exceed the "Highest Budget" limit in 2C.)	2C(i). FY06 Maximum ----- 2C(ii). Highest budget adopted in FY01 through FY05	2D(i). Any increase in Over-BASE tax dollars needed to fund the budget <u>between</u> BASE and Maximum. --Equals the difference between the proposed budget (up to 2C(i)) and the permissive budget (2B(i)). ----- 2D(ii). Any increase in Over-BASE tax dollars needed to fund the budget amount <u>over</u> the Maximum. --Equals the difference between the proposed budget (up to 2C(ii)) and the permissive budget (2B(ii)).

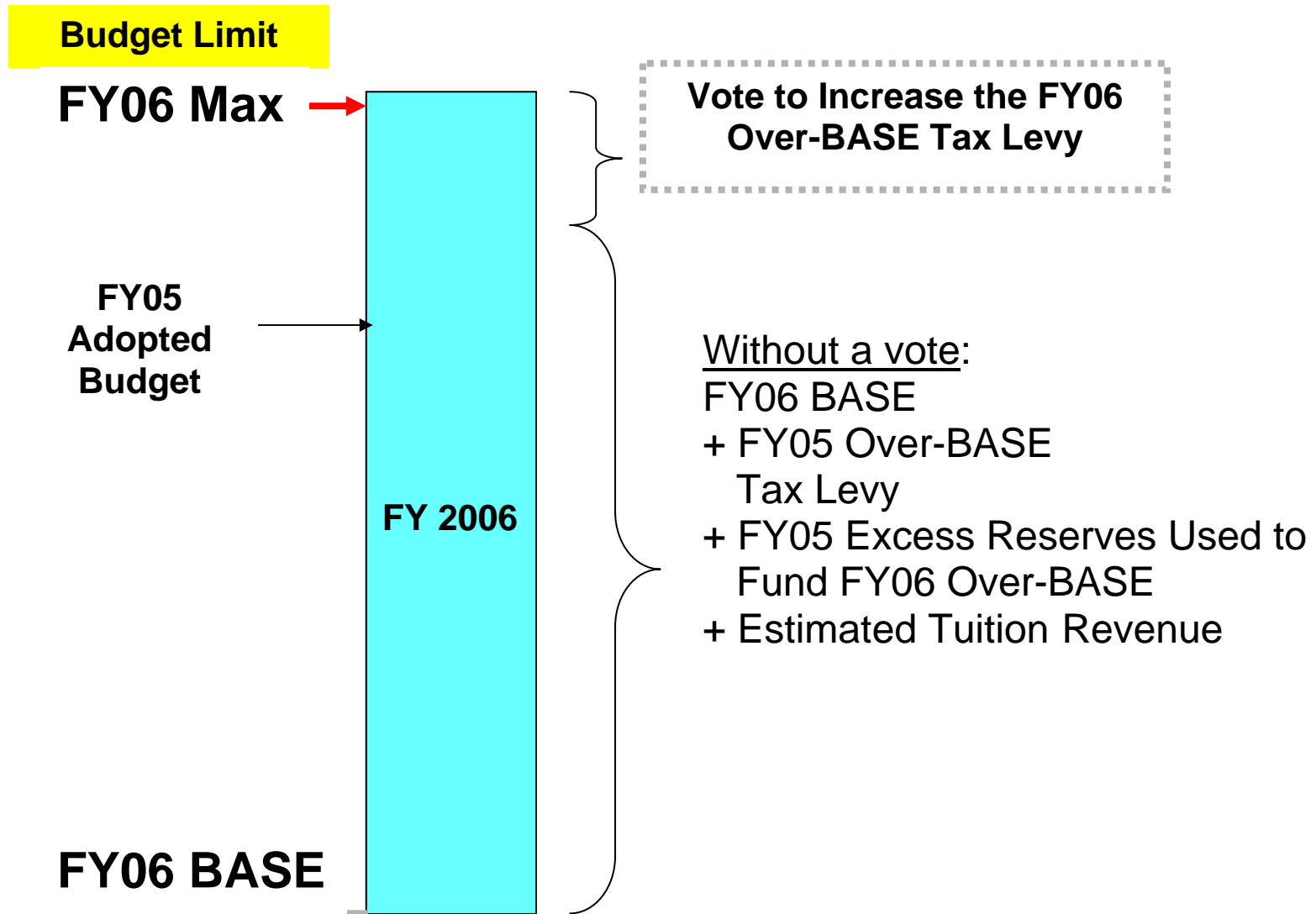
FY 2005-06 General Fund Budget and Voting Limits -- HB 624 & HB 63 (REVISED)

There are 4 categories of budget limitations. Determine the category to use by comparing the district's FY2004-05 adopted budget with the FY2005-06 maximum. Then determine whether the district adopted a "disequalized" (i.e., over-Maximum) budget for any year from FY01 through FY05.

CATEGORY	HIGHEST BUDGET WITHOUT A VOTE (permissive budget)	HIGHEST BUDGET	VOTING REQUIREMENT
3A. "First Time "Disequalized" <i>[See Page 5]</i> If: FY05 Adopted Budget exceeds FY06 Maximum AND District <u>did not</u> adopt a disequalized budget from FY01 - FY05	3B. <u>Greater of:</u> FY06 BASE + FY05 Over-BASE Levy + Fund Balance Reappropriated available to fund the Over-BASE budget + FY05 Excess Reserves Used to Fund the FY06 Over-BASE budget + Estimated Tuition Revenue <u>OR</u> FY06 Maximum (Must adopt at least FY06 BASE budget and highest budget without a vote cannot exceed the amount in 3C.)	3C. FY05 Adopted Budget	3D. Any increase in Over-BASE tax dollars needed to fund the budget amount <u>over</u> the Maximum. --Equals the difference between the proposed budget (up to 3C) and the permissive budget (3B). NOTE: Maximum budget level is permissive for disequalized districts.
4A. "Disequalized in FY06 AND Disequalized any time from FY01 - FY05" <i>[See Page 6]</i> If: FY05 Adopted Budget exceeds FY06 Maximum AND District <u>did</u> adopt a disequalized budget from FY01 - FY05	4B. <u>Greater of:</u> FY06 BASE + FY05 Over-BASE Levy + Fund Balance Reappropriated available to fund the Over-BASE budget + FY05 Excess Reserves Used to Fund the FY06 Over-BASE budget + Estimated Tuition Revenue <u>OR</u> FY06 Maximum (Must adopt at least FY06 BASE budget and highest budget without a vote cannot exceed the "Highest Budget" limit in 4C.)	4C. Highest budget adopted for FY01 through FY05	4D. Any increase in Over-BASE tax dollars needed to fund the budget amount <u>over</u> the Maximum. --Equals the difference between the proposed budget (up to 4C), and the permissive budget (4B) NOTE: Maximum budget level is permissive for disequalized districts.

This Chart Applies to Your District if:

- 1. FY05 Adopted Budget < FY06 Maximum, and**
- 2. District Did Not Adopt a Disequalized Budget from FY01 - FY05**



This Chart Applies to Your District if:
1. FY05 Budget < FY06 Maximum, and
2. District Did Adopt a Disequalized Budget from FY01 - FY05

CASE #1
(FY06 Maximum is Highest)

Budget Limit

FY06 Max

Highest Adopted Budget from FY01 - FY05

FY05 Adopted Budget

FY 2006

FY06 BASE

Vote to Increase the FY06 Over-BASE Tax Levy

Without a Vote
FY06 BASE
+ FY05 Over-BASE Tax Levy
+ FY05 Excess Reserves Used to Fund FY06 Over-BASE
+ Estimated Tuition Revenue
(Limited to Max)

Budget Limit

Highest Adopted Budget from FY01 - FY05

FY06 Max

FY05 Adopted Budget

FY 2006

FY06 BASE

CASE #2

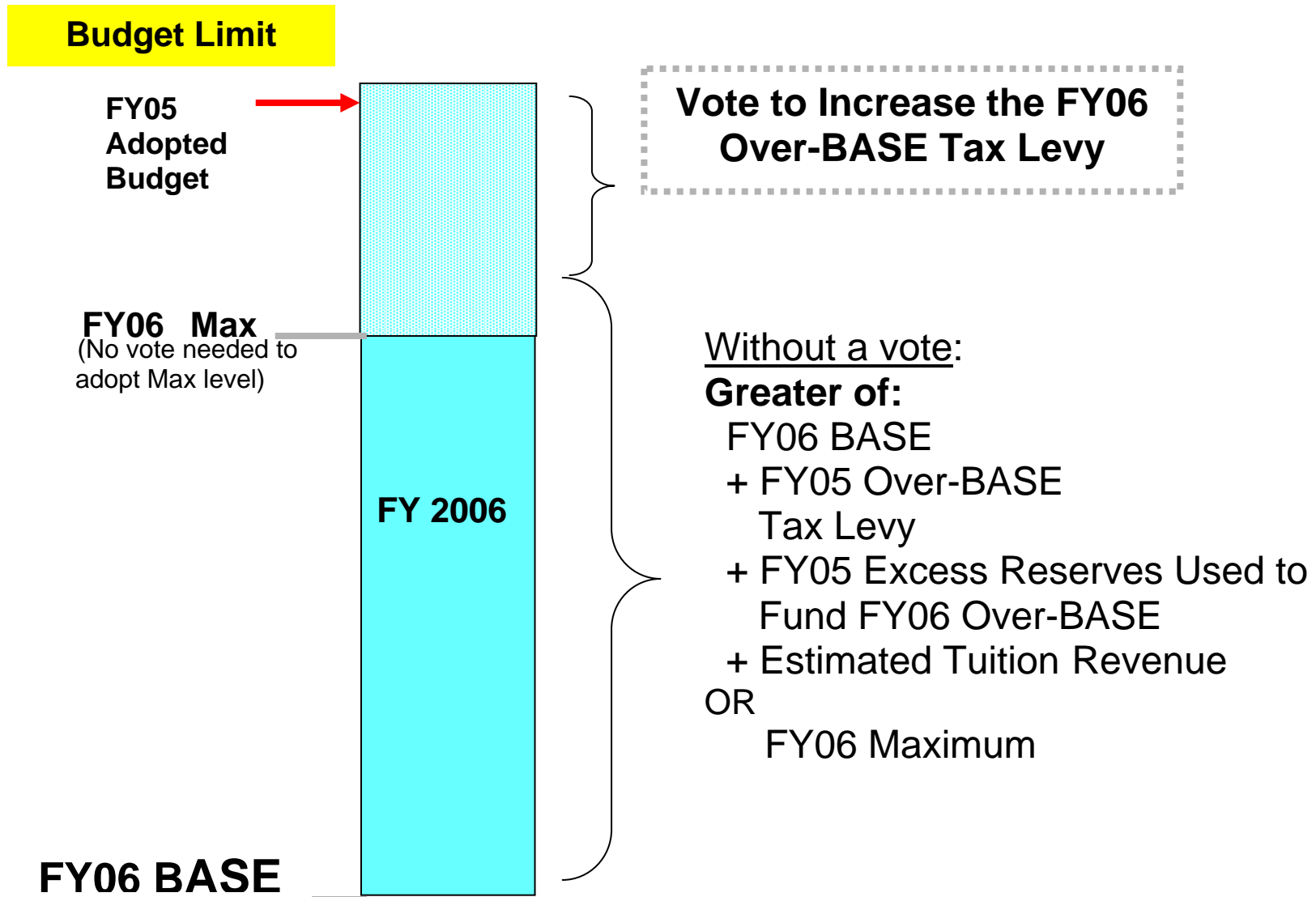
(An Adopted Budget from FY01 – FY05 is Highest)

Vote to Increase the FY06 Over-BASE Tax Levy

Without a Vote
FY06 BASE
+ FY05 Over-BASE Tax Levy
+ FY05 Excess Reserves Used to Fund FY06 Over-BASE
+ Estimated Tuition Revenue
(May exceed Max)

This Chart Applies to Your District if:

- 1. FY05 Adopted Budget > FY06 Maximum, and**
- 2. District Did Not Adopt a Disequalized Budget from FY01 - FY05**



This Chart Applies to Your District if:

- 1. FY05 Adopted Budget > FY06 Maximum, and**
- 2. District Did Adopt a Disequalized Budget from FY01 - FY05**

Budget Limit

**Highest Adopted Budget
from FY01 - FY05**

FY05 Adopted Budget

FY06 Max

(No vote needed to
adopt Max level)

FY 2006

FY06 BASE

Vote to Increase the
FY06 Over-BASE Tax
Levy

Without a Vote

FY06 BASE

+ FY05 Over-BASE Tax Levy

+ FY05 Excess Reserves Used to
Fund FY06 Over-BASE

+ Estimated Tuition
Revenue

(May exceed Max)

Budgeting Non-Levy Revenues for the General Fund

Use this worksheet to estimate General Fund Non-Levy (ie, non-tax) resources for the FY2005-06 budget (20-9-141,MCA)

Revenue Code	Description	Comments	FY2004-05 Budgeted Revenue Amount ELEM HS or K-12	
"ACTUAL" -- The following revenues MUST BE anticipated on the budget form USING ACTUAL PRIOR YR receipts:				
1130	Tax Title/Property Sales			
1510	Interest Earnings			
1800	Community Srvc. Activities			
1900	Other Revenue – District	(AKA "Miscellaneous")		
1910	Rentals – Building and Equip			
1920	Contributions/Donations	Not usually a gen. fund item		
1940	Textbook Sale/Rental			
1945	Resale of Supplies/Materials			
1950	Srvcs to Other Schools/Coops			
1960	Services to Other Govts			
1970	Services to Other Funds			
1981	Summer School Revenues			
3302	State PILT, FWP			
Total "Actual"				
"ANTICIPATED" -- The following types SHOULD BE ESTIMATED using the best information available:				
1123	Coal Gross Proceeds	Dept of Rev sends elig. dists an estimate in May		
3440	Property Tax Reimbursement (HB20 and SB417) (2 types existing before SB184)	By law, will be 10% lower than the 1998-99 amount each year. Dept of Rev will send a total by district, which must be divided into fund-by-fund estimates (i.e., best estimate is 30% X actual FY 1998-99 total receipts of all funds).		
3444	School Block Grant (HB124) -- OPI will distribute 70% in November, 30% in May.	Must estimate using the FY 2004-05 actual receipts (in each fund), increased by 0.76%.		
3445	Combined Fund School Block Grant (SB 424)	The total combined school block grant must be allocated, at the trustees' discretion, among budgeted funds. The amount available for FY2005-06 is the FY2004-05 actual receipts, increased by 0.76%. <u>OPI recommends allocating 0.00 to the General Fund, as this could reduce GTB.</u>		
3460	MT Oil and Gas Tax			
9100	Other Revenue	Use for any revenue type for which a code is not provided on budget but you want to anticipate.		
9710	Residual Equity Transfers-In	Use if you expect to close a fund to gen. fund, have receipts from closed or annexed school, etc.		
4800	Federal PILT	Rare		
Total "Anticipated"				
"OTHER" -- The following types MAY BE estimated -- NOT RECOMMENDED due to ability to hold receipts as Excess Reserves:				
1117	District-Prior Year Taxes	Allowed as excess reserves		
1118	Dist.-Dept of Rev Tax Audit	Allowed as excess reserves		
1190	Penalties and Int on Taxes	Allowed as excess reserves		
Total "Other"				
Tuition Revenue Used to Fund the OverBASE Budget:				
1310	Tuition from Individuals (If used to fund OverBASE budget)	For attendance in the budget yr		
1320	Tuition from In-State Schools (If used to fund OverBASE budget)	Usually, for attendance in the prior year. Includes tuition rec'd from another in-state district or the state/county.		
1330	Tuition from Out-of-State Schools (If used to fund OverBASE budget)	Usually, for attendance in the prior year. Includes tuition rec'd from an out-of-state district or another state.		
Total "Tuition to Fund OverBASE"				
TOTAL				